

AMENDED IN ASSEMBLY APRIL 27, 2005

AMENDED IN ASSEMBLY APRIL 6, 2005

CALIFORNIA LEGISLATURE—2005—06 REGULAR SESSION

## ASSEMBLY BILL

**No. 1332**

**Introduced by Assembly Member Gordon**

February 22, 2005

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An act to add Section 25402.10 to the Public Resources Code, relating to distributed generation.

### LEGISLATIVE COUNSEL'S DIGEST

AB 1332, as amended, Gordon. ~~Distributed Energy Commission:~~ *distributed* generation: efficiency standards.

The existing Warren-Alquist State Energy Resources Conservation and Development Act establishes the State Energy Resources Conservation and Development Commission (Energy Commission), and requires it after one or more public hearings, to prescribe, by regulation, among other things, certain energy efficiency standards, cost-effective measures, and consumer education programs, to promote the use of energy efficient appliances whose use, as determined by the commission, requires a significant amount of energy on a statewide basis.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Existing law requires the commission, in consultation with the Energy Commission, to administer, until January 1, 2008, a self-generation incentive program for distributed generation resources.

This bill would require the Energy Commission, by January 1, 2007, to prescribe, by regulation, standards for minimum levels of operating efficiency for distributed generation technologies based on a

reasonable use pattern. The bill would define “distributed generation” for its purposes. The bill would require that the standards meet certain criteria, and would ~~provide~~ *require* that the standards become effective no sooner than one year after the date of their adoption or revision. The bill would require the Energy Commission to periodically review the standards, at least every 3 years, and adopt any revision that, in its judgment, is necessary based upon the same criteria used in developing the standards. The bill would prohibit a new distributed generation system manufactured on or after the effective date of the standards to be sold or offered for sale in the state, unless it is certified by the manufacturer to be in compliance with the standards.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) It is in the interest of California consumers to ensure that
- 4 distributed generation technologies provide efficient,
- 5 cost-effective electricity.
- 6 (b) The state promotes the use of distributed generation
- 7 technologies both through subsidies and preferential rate
- 8 treatment programs.
- 9 (c) Despite the public policy to promote the use of distributed
- 10 generation technologies, no performance standards for these
- 11 technologies have been implemented.
- 12 (d) The adoption of performance standards for distributed
- 13 generation technologies will help to ensure that the state’s
- 14 distributed generation policy is most effective, and will help to
- 15 ensure that distributed generation systems made available to
- 16 California consumers operate in an efficient and cost-effective
- 17 manner.
- 18 (e) The State Energy Resources Conservation and
- 19 Development Commission’s process for establishing efficiency
- 20 standards for appliances is a time-tested and effective model for
- 21 producing standards that are cost effective, maximize the state’s
- 22 use of energy resources, and protect consumers.

(f) It is in the interest of California consumers for the state to require that distributed generation systems made available for purchase to California consumers meet minimum cost-effective efficiency standards, and that these standards are adopted in an open and public forum.

(g) *It is the intent of the Legislature in enacting this act that any efficiency standards adopted by the State Energy Resources Conservation and Development Commission for distributed generation technologies not result in a finding that a solar energy system does not meet the efficiency standards, unless that system is determined to be inefficient as compared to other solar energy systems.*

SEC. 2. Section 25402.10 is added to the Public Resources Code, to read:

25402.10. (a) The commission shall, by January 1, 2007, prescribe, by regulation, standards for minimum levels of operating efficiency for distributed generation technologies, based on a reasonable use pattern. The commission ~~may~~ shall establish standards specific to each distributed generation technology, and for distributed generation system components. The minimum levels of operating efficiency shall be based on feasible and attainable efficiencies or feasible improved efficiencies that will improve the efficiency with which the technology generates electricity. The standards shall become effective no sooner than one year after the date of their adoption or revision. No new distributed generation system manufactured on or after the effective date of the standards may be sold or offered for sale in the state, unless it is certified by the manufacturer thereof to be in compliance with the standards. The standards shall be drawn so that they result in a lower life cycle cost to the consumer over the designed life of the distributed generation technology. The commission shall periodically review the standards, at least every three years, and adopt any revision that, in its judgment, it deems necessary based upon the above considerations.

(b) For purposes of this section, “distributed generation” means any technology for the generation of electricity that meets all of the following criteria:

- (1) It is located within a single facility.
- (2) It is five megawatts or smaller in aggregate capacity.

1 (3) It serves onsite loads or over-the-fence transactions  
2 allowed under Sections 216 and 218 of the Public Utilities Code.  
3 (c) The commission shall, by January 1, 2007, evaluate and  
4 report to the Legislature with recommendations on whether the  
5 commission should establish a program to identify the most  
6 efficient and environmentally sound distributed generation  
7 systems. The purpose of the program would be both to guide  
8 consumers and provide the state a means by which to target  
9 incentive programs.